

CIPRIANO BACATAN AND ADORACION BACATAN, PETITIONERS, VS. WORKMEN'S COMPENSATION COMMISSION AND RIZALINA VDA. DE IRLANDEZ, IN HER OWN BEHALF AND IN BEHALF OF HER MINOR CHILD, JOC...

G.R. No. L-23992. October 27, 1975

Ponente: MARTIN, J.

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MARTIN, J.:

Appeal from the decision of the Workmen's Compensation Commission awarding death benefits to the private respondents.

Petitioners claim they were engaged in the buying and selling of charcoal and firewood. In connection with their business they used two trucks to haul the catch from fishing boats in the area to places where they can be sold. Sometime between 1959 to 1962 they employed Gervacio Irlandez as a driver-mechanic to drive said trucks and repair them when necessary. However, when they sold said trucks they allegedly dispensed with the services of Gervacio Irlandez.

On October 2, 1962, an explosion rocked the residence of petitioners at No. 245 Naval Street, Navotas, Rizal, which resulted in the death of Gervacio Irlandez. Police investigation traced the explosion to a dynamite blast underneath the house of the petitioners. On account of said explosion, the petitioners in whose premises were found 300 pieces of blasting caps, 1/2 gallon of explosive powders, were charged in court with illegal possession of blasting caps, fuses and explosive powder and homicide thru reckless imprudence. The widow and child of the deceased, the private respondents herein, filed with the Workmen's Compensation Commission their claim for death benefits arising from the death of Gervacio Irlandez against petitioners who controverted the claim on ground of no employer-employee relation with the deceased. The Hearing Officer of Regional Office No. 4, Manila, of the Commission, sustained the defense of the petitioners that they have no employer-employee relation with the deceased and dismissed the claim of private respondents.

On Appeal to the Workmen's Compensation to the Commission, the decision of the Hearing Officer was set aside and the petitioners were ordered to pay:

- The claimants the amount of Three Thousand Six Hundred Forty Pesos (P3,640.00) as death benefits;
- The fee of claimants' legal counsel in the amount of Two Hundred Seventy Three Pesos (P273.00) (7.5% of the total compensation due the claimant), pursuant to Section 6, Rule 26 of the Workmen's Compensation Commission and Art. 2208 (8) of the New Civil Code; and
- The Workmen's Compensation Fund in the amount of THIRTY SEVEN PESOS (P37.00) as decision fee, pursuant Section 55 of the Workmen's Compensation Act, as amended.

An appeal from the foregoing decision to the Workmen's Compensation Commission en banc yielded no favorable result.

Hence, this petition for review wherein petitioners press upon the respondent Commission the following errors:

I

"IN HOLDING THAT AN EMPLOYER-EMPLOYEE RELATIONSHIP EXISTED BETWEEN THE PETITIONERS AND THE DECEASED.

II

"IN HOLDING THAT THE WORKMEN'S COMPENSATION LAW COVERS EMPLOYMENT IN ILLEGAL TRADE."

The existence of employer-employee relationship is the jurisdictional foundation for recovery of compensation under the Workmen's Compensation Law.[1] In trying to evade liability for the death of the deceased, petitioners submit that the deceased was not their employee as contemplated in the Workmen's Compensation Law.[2] The findings of the Workmen's Compensation Commission, however, is to the effect that the deceased was an employee of the petitioners at the time of his death and accordingly the latter are declared liable for death benefits to the heirs of the deceased, the private respondents herein. The findings made by the Workmen's Compensation Commission that the deceased was legally, officially and principally employed as driver-mechanic by the petitioners herein and occasionally had been required to help in the preparation of blasting caps, are findings of fact and when supported by substantial evidence are final and binding upon this Court.[3] Petitioners recognize the doctrine that findings of fact of the Workmen's Compensation Commission are final. However, they insist that the decision of the respondent Commission is not based on any findings of fact but on assumption and inferences. We are not prepared to sustain petitioner's submission, for it is clear from the records that the conclusion of the respondent Commission that the deceased was an employee of the petitioners at the time of his death was based on the latters' own admission that they have employed the deceased as their driver-mechanic and had occasionally asked him to help in the preparation of the blasting caps and also on the declaration of witnesses who testified that aside from working as driver-mechanic, the deceased also used to do odd jobs for the petitioners. Bienvenida Sabangan Salome declared that: "He (the deceased) drives and repairs vehicles and later, I came to know that he was also helping in the preparation of dynamite." [4] Of course, petitioners claim that after they sold their two trucks, the deceased stopped working with them. However, the widow of the deceased insisted that after the petitioners had sold their two trucks, the deceased still continued to work for them by helping in the preparation of blasting caps.[5] Thus the widow testified:

"A. — Yes, Mom, the whole left hand of Mrs. Bacatan were cut off and it was only my husband who was helping the Bacatans in this business, because the two fingers of the left hand of the respondent Cipriano Bacatan was cut off and so with the left hand of Mrs. Bacatan was also amputated." [6]

In fact Mrs. Bacatan, one of the petitioners, readily admitted that the loss of her left hand was due to an explosion in her premises, a few years before the fatal incident wherein the deceased died. The fact that the authorities were able to find in the premises of the petitioners 300 pieces of blasting caps, and 1/2 gallon of explosives would seem to confirm the fact that petitioners were really engaged in the manufacture of blasting caps. There is therefore good reason to believe in the claim of the widow of the deceased that after petitioners had sold their two trucks, they availed themselves of the services of the deceased in the preparation of blasting caps. Still another circumstance that convinced the respondent Commission to consider the deceased an employee of the petitioners at the time of the fatal incident is the fact that the deceased carried a personal accident insurance policy with the Bankers and Manufacturers Insurance Corporation dated November 28, 1959, December 16, 1960 and August 9, 1961 wherein appears as the beneficiary the name of Mrs. Adoracion Francisco (Bacatan), one of the petitioners.

"Why would a man insure his life against accident and name his employer (Mrs. Bacatan) as his beneficiary instead of his wife?" asked the Workmen's Compensation Commission. The latter's own rationalization on the matter, herein quoted below, appears to this Court to be convincing:

"Respondents' (Petitioners) foregoing version of their relationship with the deceased is too unnatural to be believed. Why, for instance, would Irlandez secure, as insinuated by them, a personal accident insurance on his life on August 9, 1961 (not to mention the other two insurance policies issued on November 28, 1959 and on December 16, 1960, consecutively), pay its premium and name respondent Adoracion Francisco as his employer-beneficiary when he had a wife (Rizalina Irlandez) to whom he was lawfully married on July 26, 1961, or 15 days earlier? * * The answer to all these questions could be summed up into one that the deceased was at the time of his death an employee of the respondents. Any attempt to conclude otherwise would simply be too preposterous.

xxx xxx xxx

As we have said in the early part of the decision, we seriously doubt the possibility of the deceased taking an insurance policy on his life and naming the respondents and not his wife as beneficiary thereof. Before the passage of the amendment to the Workmen's Compensation Law on compulsory insurance all employers insuring their employees used to have themselves named as beneficiaries. We infer that what really happened was that the respondents, being cognizant of the danger that surrounded the deceased's extra official function (preparing blasting caps) caused the latter to be insured to safeguard their future liability. The fact that the explosion took place after the period of insurance had expired is no conclusive proof of the severance of their (respondent's and deceased's) employer-employee relationship. It was just a plain, pure, and simple case of failing to renew an insurance contract which had become inoperative because of the expiration of its period of effectivity, a valid argument against the recovery of the insurance proceeds but not to defeat the granting of death benefits under the Workmen's Compensation Law." (Decision, pp. 3-4, Annex "A" of Petition).

Petitioners, however, submit that since the deceased was employed in an illegal trade, that of manufacturing blasting caps, his death was not compensable under the law. A review of the records show that petitioners have not interposed this defense at all while the case was before the Hearing Officer of the Workmen's Compensation Commission. In fact the petitioners denied before the Hearing Officer that they were engaged in the manufacture and sale of explosives. It is too late at this stage of the proceedings to avail themselves of this defense. In *Viana vs. Alejo-Alagadan*[7] this Court held:

"The first ground is untenable petitioner not having invoked it before the rendition of the Referee's decision on February 23, 1953. The objection to the application of Act No. 3428, upon said ground, was made for the first time when petitioner sought a review of said decision by the Workmen's Compensation Commission. The non-applicability of said Act . . . is, however, a matter of defense which cannot be availed of unless pleaded in the employer's answer to the claim for compensation filed by the employee or his heirs. Petitioner having failed to do so, said defense may not be entertained." [8]

In *Vda. de Calado, et al. vs. Workmen's Compensation Commission*[9] this Court also held:

"... We are of the view that in line with the principle therein contemplated, it is not good policy in regard to social legislation like the Workmen's Compensation Commission to go out of its way in absolving an employer from liability for compensation for work connected injury or death of his employee or worker by upholding grounds not invoked by the employer himself as a defense before it."

But even granting that petitioners had invoked said defense before the Hearing Officer of the Workmen's Compensation Commission, still they would be liable because it was not the deceased who was engaged in the illegal trade but the petitioners. The deceased was a mere employee of the petitioners under their control and

supervision, whom they could ask to help in the preparation of blasting caps and to do other odd jobs. The deceased was legally, officially and principally employed as driver-mechanic. The fact that he was occasionally asked to help in the preparation of blasting caps did not affect the legality of his principal employment to the extent of precluding his heirs from receiving the benefits under the Workmen's Compensation Act.

Even if We concede that the work required of the deceased was tainted with illegality, We are still inclined to hold that the petitioners could be held answerable for the death of the deceased under the Workmen's Compensation Act, by following the liberal view adopted in the United States regarding recovery of compensation benefits even in cases of illegal employments. In the United States there are those who sustain the view that illegal employment deserves no protection of the law, while others maintain that the illegality of the employment does not destroy the right to compensation. Thus, instances have been cited where a minor, though illegally employed was held not deprived of the benefits of the Workmen's Compensation Act.[10] Likewise, a night club hostess was similarly held entitled to compensation inspite of a statute prohibiting the very contract under which she was hired.[11] Considering that the Workmen's Compensation Act is one of the social legislation designed to give relief to labor in case of injury, its provisions should be given a liberal interpretation in order to fully carry into effect its beneficent provisions.[12] It should be construed fairly, reasonably, or liberally in favor of and for the benefit of the employees and their dependents and that all doubts as to right of compensation should be resolved in their favor.[13] This mode of interpretation of our Workmen's Compensation Law would be more in consonance with the view in the United States that the illegality of the employment does not destroy the right to compensation.

WHEREFORE, in view of all the foregoing, the decision of respondent Commission is hereby affirmed.

SO ORDERED.

Teehankee, Acting Chairman, Makasiar, Muñoz Palma, and Aquino, JJ., concur.

Esguerra, J., on leave.

[1] *Madrigal Shipping Co. vs. Melad*, L-17362 & L-17367-69, Feb. 28, 1963, 7 SCRA 330.

[2] "Section 38 (d) 'Industrial employment' in the case of private employers includes all employment of work at a trade, occupation or profession exercised by an employer for the purpose of gain, except domestic service."

[3] *Abong vs. Workmen's Compensation Commission*, 54 SCRA 379; *R.F. Sugay & Co. vs. Reyes, et al.*, 12 SCRA 700; *William Lines vs. Sanopal*, 42 SCRA 48, citing *Basaysay vs. Workmen's Compensation Commission*, 3 SCRA 530; *B.F. Goodrich vs. Acebedo*, 32 SCRA 100; *Philippine Rabbit Bus Lines vs. Workmen's Compensation Commission*, 11 SCRA 60; *NASSCO vs. Workmen's Compensation Commission*, 20 SCRA 1196; *Caltex (Phil.) vs. Castillo*, 21 SCRA 1071; *Victorias Milling Co. vs. Workmen's Compensation Commission*, 22 SCRA 1215; *Seven-Up Bottling Co. of the Phil. vs. Rimerata & WCC*, 28 SCRA 449; *Batangas Transportation Co. vs. Valenzuela*, 8 SCRA 841; *Leonora Vda. de Macabenta and Raquel Macabenta vs. Davao Stevedoring Co.*, 32 SCRA 553; *Operators vs. Cacatian*, 30 SCRA 218; *Laguna Tayabas Bus Co. vs. Consunto*, L-12726, May 20, 1960; *Bernardo vs. Pascual*, L-13260, October 31, 1960.

[4] *tsn.*, p. 343.

[5] *tsn.*, p. 294

[6] *tsn.*, p. 293.

[7] 54 O.G. 664, citing Rolan vs. Perez, 63 Phil. 80.

[8] Also Manila Yatch Club vs. Workmen's Compensation Commission, L-19258, May 31, 1963.

[9] 38 SCRA 567.

[10] Kenes vs. Novelty Compact Leather Co.. III Conn. 229, 149 A. 679; Kasa, Piarco's Case, 267 Kasa. 208 166 N.E. 636, N.Y. Norsen vs. Vogel A Bros. 231 N.Y. 317, 132, 148, 102; Ohio-Foundry Appliance Co. vs. Katliff, 113 Ohio St. 337, 148 N.E. 237; Va. 91, 135 S.E. 890.

[11] Massachusetts Bonding & Insurance Co. vs. Industrial Comm. 19 Cal. App. 2d 583. 65 P. 2d 1349, (1937).

[12] Bautista vs. Murillo, 4 SCRA 1745; Vicente vs. Workmen's Compensation Commission, 9 SCRA 825; Abana vs. Quisumbing, 22 SCRA 1278, 1283; Batangas Transportation Co. vs. Perez, 11 SCRA 793.

[13] Madrigal Shipping Co. vs. Melad, 7 SCRA 320.

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